

Table T06-0188
Equal-Cost Alternative Estate Tax Proposal with \$11.75 Million Exemption and 45 Percent Rate
Baseline: H.R. 5638 As Amended and Passed by The House, The Permanent Estate Tax Relief Act of 2006
Distribution of Federal Tax Change by Cash Income Class, 2011¹

Cash Income Class (thousands of 2005 dollars) ²	Percent of Tax Units ³		Percent Change in After-Tax Income ⁴	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁵	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Less than 10	0.0	0.0	0.0	n.a.	0	0.0	0.0	0.2	0.0	4.3
10-20	0.0	0.0	0.0	n.a.	0	0.0	0.0	0.9	0.0	6.0
20-30	0.0	0.0	0.0	n.a.	0	0.0	0.0	2.7	0.0	12.1
30-40	0.0	0.0	0.0	n.a.	0	0.0	0.0	3.8	0.0	16.1
40-50	0.0	0.0	0.0	n.a.	0	0.0	0.0	4.4	0.0	18.6
50-75	0.0	0.0	0.0	n.a.	0	0.0	0.0	11.8	0.0	21.0
75-100	0.0	0.0	0.0	n.a.	0	0.0	0.0	11.2	0.0	22.7
100-200	0.0	0.0	0.0	n.a.	-3	0.0	0.0	25.7	0.0	25.3
200-500	0.0	0.0	0.1	n.a.	-126	-0.1	0.0	16.4	0.0	27.6
500-1,000	0.1	0.0	0.1	n.a.	-398	-0.2	0.0	6.5	-0.1	29.0
More than 1,000	0.2	0.1	-0.1	n.a.	2,196	0.2	0.0	16.4	0.1	33.4
All	0.0	0.0	0.0	n.a.	0	0.0	0.0	100.0	0.0	23.6

Baseline Distribution of Income and Federal Taxes
by Cash Income Class, 2011¹

Cash Income Class (thousands of 2005 dollars) ²	Tax Units ³		Average Income (Dollars)	Average Federal Tax Burden (Dollars)	Average After-Tax Income ⁴ (Dollars)	Average Federal Tax Rate ⁵	Share of Pre-	Share of Post-	Share of
	Number (thousands)	Percent of Total					Tax Income Percent of Total	Tax Income Percent of Total	Federal Taxes Percent of Total
Less than 10	17,076	11.0	6,303	270	6,033	4.3	0.9	1.1	0.2
10-20	24,604	15.8	17,000	1,022	15,978	6.0	3.5	4.3	0.9
20-30	22,025	14.1	28,090	3,394	24,695	12.1	5.2	6.0	2.7
30-40	16,710	10.7	39,487	6,359	33,128	16.1	5.5	6.1	3.8
40-50	13,168	8.4	50,814	9,424	41,390	18.6	5.6	6.0	4.4
50-75	22,575	14.5	69,796	14,653	55,143	21.0	13.2	13.6	11.8
75-100	14,102	9.0	98,049	22,279	75,770	22.7	11.6	11.7	11.2
100-200	18,722	12.0	152,864	38,653	114,211	25.3	24.0	23.4	25.7
200-500	5,166	3.3	324,098	89,561	234,537	27.6	14.0	13.3	16.4
500-1,000	825	0.5	769,080	223,352	545,728	29.0	5.3	4.9	6.5
More than 1,000	423	0.3	3,274,032	1,090,284	2,183,747	33.3	11.6	10.1	16.4
All	155,984	100.0	76,577	18,049	58,528	23.6	100.0	100.0	100.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0305-3A).

(1) Calendar year. Baseline is current law plus the following provisions in H.R. 5638: \$5 million effective exemption indexed for inflation after 2010; statutory rate of 20 percent on taxable estate between \$5 million and \$25 million and 40 percent on taxable estate greater than \$25 million; repeal the state death tax credit (and do not allow a deduction for state estate taxes paid); repeal the 5-percent surtax. Proposal would increase the exemption to \$11.75 million and create a single statutory estate tax rate of 45 percent.

(2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals. For a description of cash income, see <http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.

(4) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.

(5) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average cash income.